Montana Newsletter

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In This Issue . . .

Montana in 1981: An Economic Perspective
Census '80
Two Supplementary Reports Released
State Agency Subdivision Review Process Revamped
Legal Briefs
Five More County Land Use Maps Completed
Planners' Conference Focuses on Resource Development
New Governmental Accounting Standards Body Recommended
Publications of Interest
Promoting Industrial Growth & Diversification in Montana
A Survey of Industry Experiences & Attitudes in Montana — 1980
When the Earth Moves
Innovative Zoning: A Digest of the Literature
Model Municipal Zoning Ordinance
Three Veteran Community Development Staff Depart
Business Finance Seminar Slated for Helena

May, 1981

montana community news from the department of community affairs

Volume 3
Number 5

DCA
Capitol Station
Helena, MT 59620

Second-Class Postage Paid at Helena, Mt. 59620

Montana in 1981: An Economic Perspective

Editor's Note: During January and February the University of Montana's Bureau of Business and Economic Research conducted its sixth annual Economic Outlook seminars in Billings, Great Falls, Helena and Missoula. Bureau Director Maxine Johnson led off each seminar with a discussion of the statewide outlook. The following article is excerpted from her address. The full text of Dr. Johnson's discussion is contained in the Spring, 1981 issue of the *Montana Business Quarterly*.)

There were almost 787,000 Montanans last year. That represents an increase of about 13 percent since the last Census in 1970, a faster rate of growth than for the country as a whole but by far the slowest among the five Rocky Mountain states.

1980 population

	Number of People	Percent Increase since 1970
Wyoming	470,816	42
Utah	1,461,037	38
Idaho	943,935	32
Colorado	2,888,834	31
MONTANA	786,690	13
Rocky Mountain region	6,551,312	31
United States	226,504,825	11

Well over half the population (about 56 percent) lives in seven counties: Yellowstone, Cascade, Missoula, Flathead, Lewis and Clark, Gallatin, and Butte-Silver Bow.

1980 population (final)

Yellowstone County	108,035
Cascade County	80,696
Missoula County	76,016
Flathead County	51,966
Lewis and Clark County	43,039
Gallatin County	42,865
Butte-Silver Bow County	38,092

Five of these largest counties, Yellowstone, Missoula, Flathead, Gallatin, and Lewis and Clark, accounted for more than three-fourths (78 percent) of the state population increase between 1970 and 1980. Thirty-two other smaller counties also experienced significant rates of growth, but they did not contribute so many new residents. Twenty-one counties lost population and three showed no change.

For the most part, population growth occurs where people find economic opportunity. During the seventies, western Montana, the Helena, Bozeman, and Billings areas and Rosebud and Richland counties were where the action was. The forest industries in western Montana, energy activity in eastern Montana and the Billings area, and state government activity in Helena contributed to increased employment and income. The Bozeman area benefited from some new manufacturing plants and a growth in tourist and recreation activity affected the southern tier of counties from Madison to Carbon.

This has been the big news so far from the 1980 Census: the confirmation that during the 1970s Montana turned the corner from an area which consistently lost population due to heavy outmigration to an area

(Continued on Page 3)

Montana in 1981: Cont. ...

(Continued From Page 2)

which gained population by attracting people from other states. We were able to provide economic opportunity for those new residents and for the many Montanans who chose to stay here rather than seek their fortunes elsewhere. The question now is, can we repeat that performance during the coming decade?

Income in 1980

The state economy faced many problems last year, but most Montanans were rather well off. Per capita income was approximately $8,300. Per capita income is average income per person: the total personal income of everybody in the state divided by total population. It represents income before taxes. Disposable per capita income in 1980 (per capita income after deductions of personal taxes) was about $7,000.

In 1979, Montanans' per capita income put them right in the middle among the five Rocky Mountain states. Their incomes were 7 percent below the regional average and 11 percent below the national average.

1980: A Year of Setbacks

Although the 1970s were reasonably good to Montana, the first year of the new decade was full of disappointments. Along with the rest of the country, Montana was affected by recession and high inflation. In addition, with what was very bad timing, the state was hit by several other major setbacks. In January 1980, The Anaconda Company announced that it would permanently reduce its statewide labor force by 10 percent. In July, the Butte copper mines were closed by what developed into a long five-month strike. Then in October, The Anaconda Company announced the closure of its smelter at Anaconda and its Great Falls refinery. As if that were not enough, Evans Products shut down its operations in Missoula beginning in April and the Milwaukee Railroad ceased operation in the state west of Miles City. In far eastern Montana, drouth reduced agricultural production.

The strike, the drouth, and the recession are presumed to be temporary. The loss of jobs in the Butte mines and the plant closures are permanent; the Anaconda smelter, the Milwaukee Road, and the Evans Product plant appear to be gone for good.

Some 2,800 workers are involved and many of them will not be able to find comparable employment elsewhere in the state. These job losses are especially significant because each of the industries involved is a part of the state's economic base. Wood products, primary metals (or smelting and refining), and Montana railroads are what economists call basic or export industries. They produce goods or services mostly for sale outside the state and thereby bring money in. When they increase their sales outside Montana and their payrolls in the state, they create growth among other Montana industries which serve them and the local population. It was because our economic base—our basic or export industries—expanded during the seventies that Montana experienced substantial population and income growth.

Montana's economic base is defined as including these industries: agriculture; manufacturing, including wood products, paper, and primary metals; mining; heavy construction; railroads; and the federal government. (Tourism and travel by out-of-state visitors should be included but there is no regular source of data for those activities. They probably constitute about 6 percent of the nonfarm economic base.)

The best available measure of a state's economic base is the total earnings or labor income of workers (including the self-employed) in basic industries. Using this measure, the permanent losses that Montana sustained in 1980 amounted to almost $67 million, or approximately 5 percent of the 1979 nonfarm economic base. The $67 million in labor income includes fringe benefits, which are substantial in these industries.

Because some of these losses occurred late in the year, their total impact was not felt in 1980. The effects will be greater in 1981.

Montana as a whole is quite resitant to national recessions. The ups and downs of the business cycle are much smaller here. That is not true, however in western Montana where the economy is tied to the wood products industry.

Last year's national recession and the decline in the U.S. housing industry were reflected in the timber areas by a declining lumber market and falling prices. There were mass layoffs in the wood products industries last spring, and some workers faced an on-again, off-again work situation or reduced workweeks during most of the year. They still do. Labor income in the forest industries in 1980 declined significantly compared to 1979.

Wood products is our most cyclical industry, but other Montana industries also felt this recession. Because Midwest utilities needed less coal to fill reduced demands for electricity, coal output slowed in eastern Montana.

Tourist and recreation areas in the state enjoyed some increase in number of visitors over 1979, year of the great gas shortage scare, but tourist industry watchers say the number of visitors in 1980 still was below 1978 and other recent years.

Two other major developments had significant effects on the economy. In Butte, metal miners went out on strike in July. The strike lasted for almost five months and resulted in a substantial loss in earnings. In far eastern Montana, drouth affected both crops and livestock feed. Fortunately, farmers and ranchers in other parts of the state enjoyed better growing conditions. Nevertheless, grain production was well below average last year. That, combined with rapidly rising

(Continued on Page 4)

Montana in 1981: Cont. ...

(Continued From Page 3)

production costs, resulted in a decline in farm income.

Most of the good news was energy related. Employment in heavy construction appears to have held its own this year, thanks to the activity at Colstrip. So did employment in the oil refineries. And oil and gas exploration and production was the only major industry group in the economic base to increase its number of employees, as the search for energy reserves continued. The only other basic industry where employment did not decline was the federal government; it reported little or no change between 1979 and 1980.

The net result of all these developments, based on preliminary estimates from the Montana Department of Labor and Industry, is that total employment in 1980 was about the same or just slightly lower than in 1979. Unemployment was up because the labor force was larger.

Estimates of the labor income or earnings of Montana workers in 1980 prepared by the Bureau of Business and Economic Research indicate that total earning were 3 percent higher than in 1979; earnings of workers in basic industries were down 2 percent; farm earnings were down 9 percent; and nonfarm basic earnings showed no change. Total earnings of workers in derivative industries increased by 6 percent.

Two-thirds of total personal income in Montana comes in the form of labor income or earnings. The other third comes from property income (rent, dividends, interest) and transfer payments. Transfer payments include social security benefits, pensions, unemployment insurance, welfare, and so forth. Those sources are estimated to have increased significantly in 1980, thanks to such things as higher interest rates, more unemployment insurance payments, and increases in social security payments to keep up with consumer price index advances.

Mostly as a result of the increases in property income and transfers, total personal income and per capita income both were about 8 percent higher in 1980 than in 1979.

So in spite of everything there were a few more dollars floating around Montana in 1980 than in 1979. But they were 1980 dollars. The truth is that the biggest disaster of all last year, in Montana and in the United States, was inflation. Neither recession nor strikes nor plant closures affected total income in the state the way inflation did.

When the figures are adjusted for inflation, the result is a 2 percent decline in total and per capita income rather than an 8 percent increase. Real labor income after deduction of social security was down 7 percent. Only property income and transfer payments showed an increase. (The implicit price deflator for personal consumption expenditures has been used to adjust these figures. It reflected a lower rate of inflation than the consumer price index last year.)

Prospects for 1981

Well, if 1980 was not a year we want to remember, what about 1981? Most national forecasters agree that 1981 is shaping up as a year of little or no real economic growth. The latest projections we have are from Chase Econometrics (a well-known private economic forecasting firm) as of mid-January.

Chase sees real GNP increasing less than 1 percent this year over 1980, with real disposable income up just over 1 percent. Its scenario calls for a moderate decline in the first quarter of 1981 compared to fourth quarter 1980; a relatively flat performance in the second quarter; and small increases in the third and fourth quarters. By the end of the year, things should be looking better.

The inflation rate is expected to be higher than last year, 10 percent as compared to 9 percent. More people may be out of work, with the unemployment rate as high as 8.1 percent, compared to 7.2 percent last year. And that all-important measure for western Montana, new housing starts in the United States, is projected only to go from 1.3 million to 1.4 million units.

These numbers do not paint an encouraging picture. Yet many analysts and many business people are expressing some optimism about the future. They believe that the new administration and the new Congress have a mandate from the public to improve American economic performance. They look for new policies more favorable to business expansion and, over the long run, to the control of inflation. Many of the respondents to our local business surveys in January expressed the same belief or hope. But the effects of new policies, however beneficial, will not be felt immediately. The projections for 1981 recognize this.

For 1981, prospects for Montana's basic industries in 1981 look something like this:

Industries where real earnings of workers may increase:

- Agriculture
- Coal Mining
- Metal mining
- Oil and gas exploration and production
- Pulp and paper

Industries where real earnings of workers will show little change:

- Federal government
- Heavy construction
- Oil refining
- Other manufacturing
- Railroads
- Wood products

(Continued on Page 6)

CENSUS'80

Two Supplementary Reports Released

The U.S. Bureau of the Census recently released two supplementary reports based on the 1980 Census. The reports indicate that the median age of the population of Montana increased to 29 years from 27.1 years in 1970. In 1980, less than one-quarter (23.8 percent) of the population was under 15 years of age and 10.7 percent was 65 years old and over. Females outnumber males slightly on a statewide basis (by 1,440). The number of persons in households increased by 13.7 percent over 1970, while the number of households increased by 30.6 percent, resulting in a decline in average household size from 3.10 persons per household in 1970 to 2.70 in 1980.

Most of the statistics included in the reports are being issued in advance of their separate publication in the final versions. The two reports can be ordered from the Superintendent of Documents, Washington, D.C. 20420 under the following titles:

Age, Sex, Race, and Spanish Origin of the Population by Regions, Divisions, and States: 1980 (PC 80-51-1), *and Population and Households by States and Counties: 1980* (PC 80-51-2).

In addition, an outline of the revised publication and computer tape program for the 1980 Census of Population and Housing can be obtained free of charge from the Montana State Data Center, Research & Information Systems Div., Department of Community Affairs, Capitol Station, Helena, MT 59620, (telephone) 449-2896.

Montana Community News
USPS 523750

The **Montana Community News** is published monthly by the Montana Department of Community Affairs. Subscriptions are free; to get on our mailing list, write to **Montana Community News**, Department of Community Affairs, Capitol Station, Helena, MT 59620 or call (406) 449-3494. **POSTMASTER: Send address changes to this address.**

We welcome responses to articles, guest articles, reader letters, article suggestions, and notifications of events or programs of general interest to local government officials. Permission to reprint material from MCN is hereby granted.

Montana Community News is financed in part by a grant from the U.S. Department of Housing and Urban Development under provisions of Section 701 of the Housing Act of 1954, as amended.

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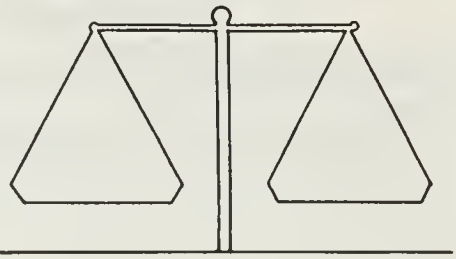
State Agency Subdivision Review Process Revamped

Last month's *Community News* reported on amendments made to the subdivision law by the recent Legislature. One of the bills enacted, Senate Bill 405, eliminates the process under which DCA distributed copies of proposed subdivision plats to state agencies for their comments. Senate Bill 405 makes each local government responsible for arranging the review of proposed subdivisions "by affected public utilities and those agencies of local, state and federal government having a substantial interest in a proposed subdivision...." Presumably, the local governing body, or its planning board, would decide on a case by case basis which public agencies would have "a substantial interest in a proposed subdivision" and then solicit comments directly from those agencies.

As a result of these changes, beginning July 1 the Department of Community Affairs' Community Development Division will no longer distribute subdivision plats to state agencies on behalf of local governments or planning boards.

The division, which will be a component of the new Department of Commerce, will review and comment on specific subdivisions when requested to do so by planners or elected officials but will no longer review proposed developments as a matter of course. The division will continue to answer questions and provide technical assistance with the administration and enforcement of local subdivision regulations as part of its responsibility for providing assistance to local governments.

Legal Briefs:



In a recent opinion (Vol. 39, No. 14) Attorney General Mike Greely has held that the development by the Department of Fish, Wildlife, and Parks (DFWP) of a public campground which provides multiple space for recreational camping vehicles is subject to local subdivision regulation under the Montana Subdivision and Platting Act.

Greely had been asked to consider whether the DFWP's proposed expansion of the Lambeth State Recreation Area, located on the shores of Lake Mary Ronan in Lake County, was subject to review and approval by the Lake County Commissioners. The expansion would have added five campsites suitable for recreational camping vehicles to the area.

In his opinion Greely pointed out that with only one specific exception the Legislature had intended the Subdivision and Platting Act to apply to activities of the state which fall within the Act's definition of "subdivision." Greely cautioned, however, that in regulating state activities local authorities must act in a fair and impartial manner.

In the case of Martz v. Butte-Silver Bow Government (March 31, 1981, No. 64229) Montana's second judicial district court, Judge Arnold Olsen presiding, has ruled Butte-Silver Bow's zoning ordinance to be invalid and unconstitutional.

The plaintiffs in the action had attacked as exclusionary the provision of the ordinance which permitted mobile home and mobile home parks to be located only in "R-4" (Mobile Home) and "R-4S" (Mobile Home-Suburban) zones and not in other residential areas. They also charged that, under a recent Montana Supreme Court interpretation of the state's county zoning enabling act, that Butte-Silver Bow could not adopt a zoning ordinance until it has adopted a comprehensive master plan for its entire jurisdictional area.

Currently Butte-Silver Bow has such a plan for only the Butte urban area and to a distance of 4½ miles beyond the former city limits of Butte.

The District Court agreed with the plaintiffs noting that, because the zoning ordinance allowed mobile home development in less than one percent of the land zoned for residential use within the county, it was exclusionary and therefore de facto unconstitutional.

Butte-Silver Bow has appealed the decision to the Montana Supreme Court and Judge Olsen has stayed the enforcement of his ruling pending the outcome of the appeal. Thus the ordinance will remain in effect until the high court makes its determination.

Montana in 1981: Cont. ...

(Continued From Page 4)

Industries where real earnings of workers will decline:

Primary metals

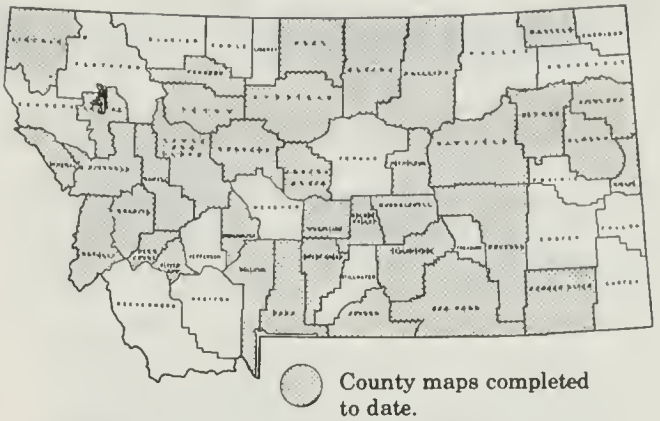
The net result: total labor income in Montana this year after adjustment for inflation will show little or no improvement over 1980. Total personal income may increase as much as 10 percent, before adjustment for inflation. But in constant dollars total income is likely to be about the same as last year.

The Eighties

A year ago, as we looked toward 1980 and beyond, I said that while the new decade was not getting off to a good start, I was optimistic about the prospects for Montana's economy during the 1980s. Since then I think we all may have discovered that our problems are worse than we thought. We still are not off to a good start and 1981 is not likely to change that. But I continue to believe the Montana economy will perform as well as or better than the national economy during this decade. I base that belief on our natural resources, especialy our energy resources, and the long-range potential for agriculture.

Montana's fortunes, of course, are tied to those of the nation. If the new-found concern for economic performance continues; if we move toward getting inflation under control; if governments at both the state and national levels work at encouraging sensible economic growth, then I think Montana's longer-range prospects for the eighties are good.

Five More County Land Use Maps Completed



DCA's Community Development Division has received maps of five more counties prepared through the Statewide Cooperative Land Use Mapping Program. The latest maps for Big Horn, Blaine, Powder River, Richland and Yellowstone bring to 37 the total of Montana county maps completed to date.

The full-color maps show ten different categories of land use for each county: urban and built-up areas; mineral extraction areas; heavy industry and utility areas; rural and suburban tracts; irrigated cropland, hayland and pastureland; non-irrigated cropland; recreational areas; rangeland; commercial forest and forest cover areas. The maps vary in size because the scale is one-half inch to the mile.

Nine state and federal agencies and three corporations are working with the DCA on the mapping project, including the Montana Departments of Fish, Wildlife and Parks, Health and Environmental Sciences, Highways, Natural Resources and Conservation, and State Lands; the U.S. Agriculture Stabilization and Conservation Service, Bureau of Indian Affairs, Bureau of Land Management, Forest Service and Soil Conservation Service; as well as Burlington Northern, Champion Timberlands, and St. Regis Paper Company. Map drafting is done by the Cartographic Bureau of the Department of Natural Resources. The maps are printed by the Soil Conservation Service (SCS) at its regional cartographic facilities in Portland, Oregon.

Copies of the maps just published will be sent to the office of the appropriate county commission or county planning board, and county office of the U.S. Soil Conservation Service, for free distribution to the public. Maps of each of the counties previously published may be obtained without charge at these same offices in those counties.

Copies of the published county maps and the map legend may be ordered directly from DCA's Community Development Division with the accompanying order form.

DCA Community Development Division
Capitol Station
Helena, MT 59620

In order to cover the costs of mailing please enclose $1.00 for the first map and legend ordered and $.25 for each additional map or legend included in the same order. (Make checks payable to Montana Department of Community Affairs.)

Name_____

Address _____

_____ Zip Code_____

No. Ordered

_____ Big Horn
_____ Blaine
_____ Broadwater
_____ Carbon
_____ Cascade
_____ Chouteau
_____ Daniels
_____ Dawson
_____ Deer Lodge
_____ Garfield
_____ Gallatin
_____ Golden Valley
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_____ Hill
_____ Judith Basin
_____ Lake
_____ Lewis and Clark
_____ Lincoln
_____ McCone
Out of Print Mineral
_____ Missoula
_____ Musselshell
_____ Park
_____ Petroleum
_____ Phillips
_____ Pondera
_____ Powder River
_____ Powell
_____ Ravalli
_____ Richland
_____ Rosebud
_____ Silver Bow
_____ Sweet Grass
Out of Print Teton
_____ Wheatland
_____ Wibaux
_____ Yellowstone
_____ Map Legend
$_____ **Total Enclosed**

Planners' Conference Focuses On Resource Development

The Montana Association of Planners held its Spring Conference April 30-May 1 at Western Montana College in Dillon. The conference examined natural resource development—where it is likely to occur, what effects communities may face, how to deal with those effects and what impacts a "bust cycle" can have on a community.

Dennis Hemmer, Montana Department of Natural Resources and Conservation, explained where major resource development likely will occur in the future. Hemmer identified the coal, oil and gas, hard rock, and hydroelectric projects proposed for Montana, and described the probable magnitude of each development.

The cumulative impacts that a small town can experience when multiple major energy projects occur in the vicinity, were described by John Rogers, Planning Director for Beulah, North Dakota. Beulah is widely known for the two coal-fired generating plants, a coal gasification plant, and the coal mines operating or proposed to fuel the plants.

Nancy Fishering, Richland County Planner, described what has happened to Sidney and Richland County as a result of intensive oil and gas exploration in the Williston Basin. In 36 months the number of drilling rigs in the county rose from zero to 150. Fishering said that the nature of oil and gas exploration makes assessment of population levels almost impossible. She said that every bridge and county road in the county has been severely damaged by the heavy and oversized vehicles traveling county roads. The biggest problems the city and county face are providing housing and financing public services.

Charles McLean of the Denver Research Group reinforced Nancy Fishering's thesis by saying that oil companies are not geared toward helping communities. The industry is a very competitive one and individual companies are very reluctant to share information. In addition to a lack of information, an unfortunate but understandable tendency is for an adversary relationship to form between the companies and the community. To try to overcome some of these problems the oil and gas companies operating along the Overthrust Belt in Wyoming founded the Overthrust Industrial Association (OIA). Part of OIA's function is geared toward educating the companies about community needs. The Association is charged with not only identifying how oil companies can help communities meet their growth impacts but to examine all possible solutions to meeting community needs.

David Crane, PACE Quality Development, advocated joint funding of needed facilities and services by industry and the community. High worker turnover can be very costly for industry, and because worker dissatisfaction with the community is a major reason for turnover, industry should be able to appreciate the financial benefits of an appealing community and be

(Continued on Page 9)

New Governmental Accounting Standards Body Recommended

On February 16, 1981, the Governmental Accounting Standards Board Organizing Committee, a provisional committee, issued a report recommending the formation of a new body to develop accounting and financial reporting standards for state and local governments. The committee proposes the creation of a full-time standards-setting body under the sponsorship of a 12-member foundation comprised of representatives from government, the accounting profession and the securities industry. The proposed new body would function with an initial budget of $2.5 million and would issue pronouncements only after due process.

Since 1934, accounting principles and standards for local governments have been derived from a number of sources including the National Council on Governmental Accounting (NCGA), the American Institute of Certified Public Accountants and both state and federal government legal requirements. Although these groups have provided many important improvements in government accounting and financial reporting practices in recent years, it is felt by many that the present structure does not provide an environment in which standards can be improved to meet the increasing need for governmental financial information.

The concept of a Governmental Accounting Standards Board seems to have widespread acceptance by all parties involved in the area of governmental accounting. The reasons for this acceptance are varied, however, the three principal reasons are:

1. At present, there appears to be a lack of cooperation by standard-setting bodies, causing overlapping efforts, inconsistent conclusions and a lack of compliance by local governments.
2. The NCGA, which has for years been the principal source of accounting standards, is perceived as not being an objective body, but an arm of the Municipal Finance Officer's Association.
3. The NCGA has had limited financial resources and has had to depend on voluntary efforts.

An independent body such as the proposed board would eliminate many of the objections that are currently raised about the governmental standards-setting structure.

Publications of Interest

(Editors Note: During the 1979 session, the Montana Legislature passed House Joint Resolution 21, which directed the Legislature's Environmental Quality Council (EQC) to:

> ...study the best means of promoting and developing industries that will use Montana's resources within the state while preserving our environment...

Two reports which were prepared in response to this mandate are described below.)

Promoting Industrial Growth & Diversification in Montana

This report to Montana's EQC suggests that the state should diversify its economic base to guard against future instability, but cautions that some popular means of attracting new industry—such as financial incentives—may be overrated.

According to the study:

> Tax concessions, for the most part, appear to have little or no effect on industrial location due to the overwhelming importance of the more critical factors such as markets, raw materials, etc. They may, however, play a more vital role at the local level where they are designed to influence the final site selection and, therefore, are involved with a different set of factors. They may also have some impact insofar as they influence the businessman's perception of the business "climate" of the region.
>
> The effectiveness of industrial development loans is hard to evaluate. In terms of attracting new industry from other states their success appears to be minimal. However, they have been at least moderately successful at stimulating internal investment.

In analyzing the prospects for diversifying the state's economy the author cautions that:

> ...it is most important to recognize that Montana is a raw materials area and not a market area. This and the fact that Montana is distant from major market areas has and will continue to be a major force in Montana's economic destiny. However, this is not to cast out all hope of successfully pursuing economic diversification and development, rather it should be received as a warning against hasty economic policy and expectations of rapid results.

The report suggests using money collected from Montana's coal severance tax for promoting economic development. According to the report, the revenue acquired from the tax is nonrecurring since it is obtained by taxation of a non-renewable resource. Thus, it makes sense to use that revenue for "investments in economic development which will provide recurring revenues, rather than for recurring government expenditures," the report notes.

In conclusion, the report quotes testimony before the Montana Coal Tax Oversight Committee:

> "The use of non-recurring resource revenues to meet current expenses runs the risk of overheating the economy by removing many political constraints from the spending process. The income of taxpayers will not be needed to cover expenses and voters can be expected to be happy to take a 'free ride.' The use of non-recurring revenues in this way can also cause a migration of people to the state. However, the state will be unable to maintain both its services and tax level. Economic dislocation will result."

Copies of the report *Promoting Industrial Growth and Diversification in Montana* are available by contacting the Montana Environmental Quality Council, Capitol Station, Helena, MT 59620, (telephone) 449-3742.

(Continued on Page 10)

Planners Cont. ...

(Continued From Page 8)

willing to share the cost of some of the public facilities. Crane also pointed out that sharing information benefits both the industry and the local government. Industry needs to know about housing availability, and public services, and public officials need to know the magnitude and timing of the impacts the community will experience. Crane said that the large construction companies which build plants and facilities are good sources of information regarding levels of employment, and they are usually sympathetic and cooperative.

The techniques of planning, scheduling and financing capital facilities were discussed by Jim Richard, Chief of DCA's Planning and Impact Assistance Bureau. Richard pointed out that very few Montana communities develop a capital facilities program and urged local planners to take the lead in advocating, coordinating and developing a facilities program. He recommended some policies for financing capital facilities and explained various revenue sources and financing alternatives.

The other side of the growth cycle—decline—was described by Kevin McNellis of Anaconda. The community recently suffered the loss of 90 percent of its primary jobs as a result of the Atlantic Richfield Company closing the Anaconda smelter. McNellis depicted some of the social and emotional effects the layoff has had on people in the city. He said that the bust cycle was terrible, far worse than the boom cycle which was the focus of most of the conference.

Publications of Interest Con't. . . .

(Continued From Page 9)

A Survey of Industry Experiences & Attitudes in Montana — 1980

A companion study to the report described above, this survey of business experiences and attitudes in Montana prepared by Maxine Johnson, Director of the U of M's Bureau of Business and Economic Research, reports problems new businesses had in getting started in Montana. It deals mostly with attitudes of natural resource firms toward Montana state regulatory activities, with some attention given to opinions about the availability of capital for resource development in Montana

The greatest concern among respondents centered around what they considered to be "unnecessary and excessive" delays encountered in obtaining permits or project approval. Other problems cited included difficulties in complying with regulations, claims that regulatory requirements sometimes change while applicants are in the process of obtaining permits or project approval, duplication and lack of coordination among state agencies and between state and federal agencies. The largest group of problems reported related to the regulations themselves. Respondents described regulatory requirements as ambiguous, unrealistic, or unreasonable. They also reported difficulty in achieving environmental standards or inability to obtain permits.

The EQC requested that a series of questions about financing be included in the survey because of the continuing controversy as to whether or not limited financial resources in Montana serve as a barrier to economic development. Dr. Johnson reported that:

> Most of the large firms did not regard availability of capital in Montana as a significant problem. Many probably considered the question irrelevant, since capital generally flows easily across the state boundaries when investment opportunities exist. The smaller, Montana-based firms were more likely to suggest that the state's limited financial resources create problems....
>
> For the most part, those who did not find limited financial resources a barrier felt that way because they believed adequate financing is available out of state. One respondent indicated his belief that "major non-local financial institutions are ready to serve Montana-based resource industries." Others pointed to corporate banks operating in the state as a pipeline to larger financial resources outside Montana.

A slightly condensed version of the report was included in the Winter, 1980 *Montana Business Quarterly* under the title, "Regulation in Montana: A View from the Industry." A copy of the full report can be ordered from the Montana Environmental Quality Council, Capitol Station, 59620, (telephone) 449-3742.

When the Earth Moves

The U.S. Geological Survey recently released a new film on natural hazards entitled "When the Earth Moves." This color-sound motion picture describes such hazards as earthquakes, floods, and landslides, and relates some of the methods now being practiced in the United States to avoid or reduce their destructive impact.

The 27-minute film uses animation and film footage of actual events to describe the hazards and associated dangers. In addition, case studies show how appropriate land-use, engineering techniques, and land-use and building regulations can reduce harmful effects to lives and property. Interviews with planners, government officials, engineers, geologists, and community residents emphasize the importance of making earth-science information available to the public.

"When the Earth Moves" is intended for a broad audience, including land-use planners, government officials, and members of the building industry, as well as students and teachers from intermediate through college levels and the general public.

"When the Earth Moves" is available for short-term loan, free of charge, by writing to: Modern Talking Picture Service, Inc., 5000 Park Street, North, St. Petersburg, Florida 33709.

Innovative Zoning: A Digest of the Literature

This 53-page publication is designed for all individuals concerned with local land use including the general public, local officials, the staff of planning agencies, consultants, attorneys and developers. The digest serves as a guide through the literature now available on innovative zoning techniques. It permits the reader to quickly identify the variety of treatment of given particular issues, the publications most suitable to his needs, and further sources of information. It can provide a handy reference tool for all those interested in new land use management techniques.

Since its inception in 1916, zoning has become one of the most important land use management techniques available to local governments. For years, the basic approach of zoning was to divide the community into districts within which specified requirements applied such as limits on building heights or minimum permissible setbacks. To some, these traditional zoning

(Continued on Page 11)

Publications of Interest Con't. . . .

(Continued From Page 10)

techniques are too rigid to accommodate changing land use pressures and citizen concerns. Traditional zoning is also viewed by many as rather passive and inflexible, often restraining and limiting development choices rather than encouraging innovative ways of using the land or guiding the developer in ways consistent with broad community goals.

New techniques of land use management have been developed in response to these and other dissatisfactions with conventional zoning. These new approaches have generally sought to design regulations flexible enough to encourage new options advantageous to both the developer and the community and to avoid fixed land use requirements. These new techniques have, in recent years, been tried by a number of communities with varied results.

Most of the new techniques discussed are variations of three major approaches:

(1) *planned unit development*, a technique within an overall zoning scheme which allows relief from conventional standards for certain parcels of land, including flexibility in building location, variety of land uses and housing types, functional open space, and preservation of man-made and natural features within defined development densities;
(2) *incentive zoning*, an approach which offers a fixed inducement in the form of a specified bonus or incentive to developers in return for including certain prescribed elements regarded as desirable; and
(3) *impact zoning*, which typically establishes performance standards and methods of evaluating the impact of land use proposals rather than predetermining specific requirements.

Each community must consider its own goals and objectives, the nature of development pressure in the area, its administrative capabilities, the operating legal structure, and other local factors as well as the present limitations of these different zoning techniques. The digest is designed to enable each community to quickly identify the most appropriate sources of information to help answer questions about the potential for successfully using an innovative approach to land use controls.

The digest is organized into major sections based on these three approaches and one additional section containing general material on innovative zoning is furnished. Included in the over 200 entries are summaries of the documents, their titles and sources, and evaluations of the materials. Each section covers materials that will give the user a substantial understanding of the basic concepts involved in the particular techniques, examples of how the technique can be adapted to meet particular local situations, and some legal and functional evaluations of each technique.

A 28-page companion publication, *Innovative Zoning: A Local Official's Guidebook*, is designed to inform local officials about what various communities across the country are doing with innovative zoning techniques to improve their communities and encourage better land use.

Persons interested in receiving a copy of either the *Digest* or the *Guidebook* should contact the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 451 Seventh Street, SW, Washington, D.C. 20410.

Copies can also be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. When ordering the *Digest* cite stock number 023-000-00486-1. The cost is $2.30. The *Guidebook* may be ordered for $1.30; cite stock number 023-000-00485-2.

Model Municipal Zoning Ordinance

This model ordinance, prepared by Ann Mulroney, Senior Planner with DCA's Community Development Division, was written with small and medium-size Montana communities in mind. The model has been drafted to reflect the requirements of Montana's municipal zoning statute and also incorporates many of the recommendations contained in the American Planning Association's model zoning ordinance prepared by Fred Bair and Ernest Bartley. For more information on the model contact Ann Mulroney, DCA Community Development Division (telephone) 449-3757. Copies may be ordered from the division for $2.00 each.

Three Veteran Community Development Staff Depart

Three staff members of DCA's Community Development Division have recently left the department to pursue other interests.

Departing in mid-April was Steve R. Granzow. Steve joined the division as a Subdivision Specialist in 1974 and was deeply involved in the agency's efforts to

(Continued on Page 12)

Business Finance Seminar Slated for Helena

The Private Industry Council, the Montana Chamber of Commerce, the Montana Bankers Association, and the new Montana Department of Commerce will sponsor a seminar on "Private Financing for Business in Montana" on June 30 at the Colonial Inn in Helena.

The meeting has been organized by the sponsors to respond to the business community's expressed need for information on the availability of investment capital and procedures for preparing successful financing proposals. The topics were selected to improve the ability of business to choose their best financing option and compete successfully in scarce capital markets and to stimulate investor interest in the state. The agenda will concentrate on financing opportunities with banking institutions and investment companies with additional discussions on preparatory legal and accounting practices.

The banking institutions will be asked to discuss capital and financial services available from their institutions. Speakers will also review the characteristics they look for in a financial proposal and will offer suggestions for improving proposals. Representatives from the Northwest Bank Corporation, the First Bank System, and independent banks will participate.

Representatives of D. A. Davidson; Blyth, Eastman, Paine, Webber, Inc.; and Foster and Marshall will address their available capital and services. They will also discuss the range of financing options offered by their companies and project feasibility from an investment company perspective.

The afternoon session will feature a corporate attorney from the New York offices of Blyth, Eastman, Paine, Webber, Inc., who will review the options a business should consider to prepare for financing and a corporate accountant who will address the accounting practices which a business should establish to take advantage of financing opportunities.

The $20 registration fee for the one day seminar will include lunch. Please register by June 26 with Ann Mulroney of the DCA/Community Development Division, Capitol Station, Helena, MT 59620 (449-3757) or Carol Daly, Executive Director of the Private Industry Council, P.O. Box 1237, Helena, MT 59624 (443-7343). Registration checks should be made payable to the Private Industry Council — Financing Seminar.

Three Veteran Cont. ...

(Continued From Page 11)

implement the 1973 Subdivision and Platting Act. Steve also assisted local governments with review of proposed subdivision developments and, in recent years, had been responsible for providing technical assistance to local governments and planning boards in north-central and north-east Montana.

Harold M. Price, Administrator of the Community Development Division, left the department in mid-May. Hal came to Montana in 1969 from the staff of the Spokane County, Washington, Planning Commission. He served as staff to the 1970 Advisory Committee on Planning Legislation which developed Montana's county planning enabling legislation. In 1971 Hal was named Administrator of the Community Development Division of the then-Department of Planning and Economic Development. He continued as administrator of the division in the Department of Community Affairs following executive reorganization.

On May 29th, Jim E. Richard left his position as Chief of the division's Planning and Impact Assistance Bureau. Jim began his state service in 1969 as a research assistant with the Research Division of the Department of Planning and Economic Development. In 1970 he joined the Community Development Division as a planner and subsequently, in 1974, was appointed Chief of the Local Planning Services Bureau where he was responsible for the provision of technical assistance to Montana counties and municipalities in comprehensive planning, subdivision regulation, zoning, and mitigating impacts due to major mineral and energy development.

In combination, their years with the department represent almost thirty years service to the state.

The staff of the division wish them well in their new endeavors.

3200 copies of this public document were published at an estimated cost of 25¢ per copy, for a total cost of $802.15, which included $448.00 for printing by Creative Press of Helena, $135.00 for assembly, labeling and sorting by Helena Rehabilitation Industries, and $92.95 for postage.

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